Classical paradigm of management formulated over century ago started to receive substantial critics already in the second half of 20th century. First attack on the paradigm appeared by the end of 1960s when the environment finally started to be treated as an important element of management. The second significant attack appeared in 1978 when Tom Peters (1978) developed the concept of eight principles of excellence which were in complete contradiction with the principles of classical paradigm of management. Peter Senge created further deflection from the paradigm in the 1990 with the concept of learning organization, while in the same year Michael Hammer and James Champy founded the thesis of organization of work around processes, as opposed to organization around tasks. At the beginning of 21st century a significant attack on the traditional paradigm of management was carried out by Peter Drucker who pointed out the changes which will emerge and their implications on enterprise, its organization and management. The greatest attack on classical paradigm of management was carried out by Gary Hamel (2007), stating that many management principles and systems are based on inadequate paradigm(s), and therefore manager's
innovations represent ultimate source of competitive advantages. All of this led some authors to ask themselves a question: Is the end of management on the way? In search for an answer to this question, this paper shows that the end of management has not come, but its future is yet to be devised.

1. INTRODUCTION

The history of management is as old as the history of human society. The emergence of human race is closely followed by the emergence of various social groups (hunting groups, clans, tribes ...) that aim to achieve the goals that can not be achieved by individuals. Thus management became an essential instrument for ensuring the coordination of individual efforts. Since the society is becoming increasingly based on the group efforts and as many organized groups are becoming larger, the importance and complexity of the management tasks is also increased. In this sense, the role of management in the contemporary economy is becoming irreplaceable. Peter Drucker once wrote that "management has transformed the social and economic structure of the developed countries. It has created a global economy and introduced new rules for countries wishing to participate in this economy as equals ... The emergence of management has converted the knowledge from being social décor and luxury into a real asset of any economy." (Drucker, 1992). As if building on this Drucker’s thought, Hamel says that “it is the invention of industrial management at the dawn of 20th century that turned the enlightenment policy and scientific discovery into global prosperity” (Hamel, 2009).

In this context it is interesting to mention the statement made by J. J. Servan-Schreiber (1968), who, exploring the reasons for the superiority of American versus European economy, found that the key reason for this superiority lies in the effective management performance of the US economy. Today it has become strikingly evident that the success of any business largely depends on effective management which, under the conditions set by the complex, heterogeneous, dynamic and uncertain environment, will be able to skillfully steer the company.

However, in contrast to the practice of management that is as old as the human race, the theory and the conceptual frameworks of management are quite recent - dating back to the late 19th century. Management is considered to be a phenomenon of 20th century century since it was then that numerous theories, schools, approaches, and conceptual frameworks were developed (Hodgetts & Altman, 1981). In the 20th century, a whole “jungle of management theories” was created and many authors tried to create an adequate systematization. The most successful of these attempts was the Koontz’s one, which he presented in
his book *The Management Theory Jungle Revisited* (Koontz, 1980). Ever since, there have been numerous attempts at integrating different theoretical approaches. Part of the difficulty in these efforts stems from the fact that management is an applied science, which causes the lack of coherent theoretical concepts. Management theorists have adopted and applied the concepts from other disciplines. Thus, the theory of management evolved in symbiosis with its supporting disciplines such as mathematics, statistics and behavioral science, depriving itself of the motivation to find its own conceptual framework independent of the respective disciplines.

Although management as a discipline emerged in the late 19th and early 20th centuries, the postulates it was then founded on have continued to be applied for more than a century, the century in which the so-called second and in particular the third wave caused such turbulent changes that today humanity has entered a stage, in which reality is not real any longer (Naisbitt, 1988). No one could have ignored such changes, including management, designed according to the efficiency paradigm. For this old paradigm, Taylor claimed that it arises from “the fact that you know exactly what you want from your people and that you make sure that they do it in the best and most convenient way” (Taylor, 1903). He believed that management could be a “real science based on clearly defined laws, rules and principles” (Taylor, 1911).

Therefore, today the question arises of whether the so-called rational school of management (Peters, 2008) can adequately respond to the challenges of the modern world. It is actually about what Thomas Kuhn called a paradigm shift in his famous book *The Structure of Scientific Revolutions* (Kuhn, 1974). Specifically, the existing management paradigm is the result of many principles that were set by 19th century and some 20th century theoreticians (Peters, op. cit., pp. 67-69; Schroeder, 1999, p. 728). This raises the question of whether we should design a new model of management that would ensure coordination of work of numerous employees “without creating a burdensome hierarchy of their superiors, how to keep costs under control, without stifling human innovation at the same time, and how to create organizations where discipline does not exclude freedom and vice versa” (Hamel, 2008).

It can be said that, out of the whole range of schools, theories, doctrines ... not even a single idea has become *mainstream*, which could be adopted and followed. However, this does not mean that modern management has completely exhausted its evolutionary potential.
2. MANAGEMENT IN THE CONTEMPORARY WORLD OF LABOUR

2.1. Characteristics of the contemporary world of labour

In the past 20 years, the world has changed, with internationalization and the information and communicaton technology as two key generators of these changes. Looking ahead, it seems that these same two trends – internationalization and digital technology – will continue to reshape the business environment and provide primary sources of business opportunities. The growth of internationalization, enhanced by the information and communication technology, will continue, and the isolated nations will be increasingly integrated into the global economy. Information technology has already created new industries and transformed the boundaries of the existing ones (Grant, 2001). This will bring about major changes that will occur in course of 21st century, and which are already manifested in the emergence of new economy, new employees, new values, new businesses and new business models (Figure 1). In this context, it should be noted that we live in a period at the turn of two eras, which is uncertain, but abundant in turmoil and opportunities (Toffler, 1983).

![Figure 1: Key changes and their relationships](image)

**New economy** is the term used to describe the result of the transition from the industrial to the computer-based economy. It is a characteristic of the period of the late 1990s with high growth, low inflation and high employment, influenced by a number of factors such as globalization, technological changes, cultural diversity, changes in social expectations, growing interest in entrepreneurship and the growth of privatization (Robbins, 2000, p. 4). It is expected that, by the end of 2020, most of the world economy will be even more and almost completely globalized. The main challenge of 21st century will
be sustainable development and environmentally, socially and economically sustainable society, economy and the system of consumption and production.

**New employee** is the direct product of the new economy and other phenomena, requiring the notion of an employee to be redefined. In this sense, the following phenomena are characteristic: multiple skills, employment instability, personally directed career, continuous training, working in teams, and coping with alienation and stress (Robbins, op. cit., p. 23). Today’s concepts of work, job and employment are the concepts of the industrial era and the industrial revolution that, in the global framework, has long ended. Current and future developments bring about new professions, but at the same time, a lower demand and dying out of a number of existing professions.

**New values** will result from the changes, which will indicate the need to put greater emphasis on values. The new role of companies will be accepted, the one that serves society and not vice versa. Democratization of jobs, attention to and care for employees will constantly grow. In this sense, Barrett (1995) concludes that these are the values that lead to the common awareness, including: the responsibility for the whole, the importance of the common good, equality, respect for all forms of life and unconditional care.

**New company** results from the need for democratization and increased social responsibility, which requires the existing company to be transformed entirely. This transformation is manifested in the change of its organization, changes in work, human resources and working hours, changes in the status of employees, changes in defining a job, job security, and other. This leads to creating the so-called 'authentizoic' rganizations (de Vries, 2009), which may, according to Goleman (2000), be compared with the functioning of the immune system. In this system, the wandering cells reveal an urgent need, then they spontaneously come together in a tightly knit, highly coordinated working group that meets this need and when the work is done - they scatter again. In the organizational context, such groups, each with a special mixture of talent and expertise, can occur within the enterprise boundaries, but also beyond them, depending on the needs, and then cease to exist when the work is done.

It is to be expected that such a company will developed in two directions - on the one hand there will be a small number of new entities called ‘mega corporations’ that will connect all or at least most of the existing industrial sectors, and on the other hand, a huge number of small businesses able to quickly move between numerous niches to take advantage of opportunities that are not attractive or are unavailable to mega corporations (Gupta, 2005).
New business models will result from the fact that, due to the increase in the volume of world knowledge, it is easier to produce new products/services and it will be increasingly so in the future. However, market saturation and consumers’ knowledge make it more difficult to sell them. This brings about the necessity to invent new business models. In general, they will respect the fact that consumers have more information, more tools and more possibilities for selection. A new business model called mesh is based on the same principles, as well as on the fact that classical ownership of objects used is not absolutely necessary. It has been accepted by numerous challengers at the market and it is such business models that could be dominant in the future (Gansky, 2010).

What characterizes 21st century are not these and other changes but an uncontrollably accelerating pace at which they occur. Hence the need and necessity to put effort into creating such a company that will be capable of continuous self-renewal without any crisis (Hamel, 2007).

2.2. Implications of changes on management

It was only natural for the changes made to the world of labour to affect management because its paradigm was developed on the principles made for a different world of labour. The core of these principles were:

- specialization,
- standardization,
- hierarchy,
- superimposing goals,
- planning and control,
- use of extrinsic rewards to shape human behavior.

However, as can be concluded from the above, these principles were called into question already in the 20th century, which was, inter alia, manifested in a number of innovations in management (Daft, 2008). As demonstrated by Figure 2, there are two important periods in the development of innovations in management – the one of the 1970s, with the upward trend, followed by a short decline, and the one in the second half of the 1970s, when there was a sudden upward trend. This rapid shift in the management innovations trend resulted from the increased pressure on the global competitiveness of enterprises, which sparked great interest in improving management.
All these innovations in management had major implications on the basic management functions which is manifested in the following:

- **Planning.** Planning activities have gradually evolved from largely intuitive, command-oriented concept to the concept enhanced by modern technology, sophisticated equipment, and broader understanding of human-machine interaction in a larger system (Wren, 1987). Building models and simulation of complex systems will be indispensable in planning large-scale investments that are required in automated factories and the social sphere. The essence of the planning function will not change significantly in the future, but will continue to develop in line with the development of theories, methods and techniques for overcoming the future uncertainties.

- **Organizing.** In terms of methodology, activities of organization have developed from an ad-hoc approach and improvisation to a systematic approach to organizational design. In terms of structural development, organizations started from one (functional) through a number of organizational structures to process and network organizational structures. Given that there will be such developments, in which
contractual relations between components within one or more companies will be established, this will lead to changes in the position of both these components and individuals, who are no longer members of one company, but elements of a network. Social learning processes will no longer result in waves of limited innovation that move from the headquarters to the periphery, but in creating the networks that are able to redesign themselves (Gorupić & Gorupić, 1990).

- **Staffing.** It was only in the 1970s that the function of staffing, i.e. human resource management found its place in the set of management functions. In the future this function, whose operational activities will take place outside the company, will have an ever more significant role. Namely, leisure-oriented and better educated workforce will make the selection and job distribution more difficult, and their retention more important. The principle that exists today, although it is not given much thought, is to employ only those people who are more profitable than computers and robots in their current stage of development. It becomes clear that computers can (or will soon be able to) perform almost all the tasks better than people. Even today, a large number of professions are dying out. Future employees have to be innovative, creative, multidisciplinary - as it is almost impossible that machines with such characteristics will ever be manufactured.

- **Leadership.** Leadership has also evolved - the first definitions of the functions of management did not even mention it, while today it is obvious that it is becoming the main function of management, or that management is gradually being transformed into leadership. This evolution will continue, given that in the future advanced technologies will require various specialists with higher levels of education and skills. The main task of 21st century leaders will be to support the intellectual capital and further develop employees’ skills. In this sense, the leader of the future is imposed as a teacher, in contrast to the present leaders in the role of planners, or the past in the role of executives (Murray, 2006). Given that the 21st century organization will be based on sustainable development, it might need other sources of inspiration for leadership models. The 21st century leaders will have to have the ability to integrate and balance the needs of a wide range of stakeholders in order to find solutions to the challenges of sustainability. The authoritarian and autocratic leadership models will gradually shift from tyrannical towards participatory democracy, but the question is whether the less hierarchical, virtual organizations that rely on sophisticated technology and more educated employees will need traditional models of leadership at all.
• **Controlling.** In the future, there will be pressure to achieve efficiency in using resources and modern concepts of control can contribute to that (Wren, 1987). Still, there will be some scuffle between the individual and the system, as well as the danger of losing sight of the goal and means of control. While a greater emphasis on external means of control will be made possible by computerization, human characteristics will still impose internalization of objectives and self-control. In this context, there is a possibility for the future control systems to become a potential agent for the increase of control over individuals (Boguslav, 1965). This raises two important questions: first, whether current and future designers of these systems constitute a new leadership elite that Henry Gantt anticipated in his work *New Machine*; and second, whether the designers of these systems will be able to create a satisfactory combination of elements and the whole that will protect those human values, that have been sought for such a long time? Finding solutions for this paradox is an area where management will find its future potential challenges.

2.3. Implications of changes in the theory of management

In course of the last century management as a scientific discipline experienced various changes - from traditional, classical (structural) to modern and postmodern theory.

Namely, conceived on the paradigm of a company as a closed system, with efficiency and control as fundamental principles (rational school of management), it experienced the first major challenge at the very beginning of its development. In 1924, Mary Parker Folett published a book *Creative Experience* in which she, as the visionary of management, noted three key determinants of future leadership - leadership with the function of service, the power of diversity and self-organized teams. By doing so she developed a theory of management that was contrary to the prevailing principles of the time. Unfortunately, her ideas had to wait a long time before they were taken seriously and accepted.

However, a survey conducted by Elton Mayo and his team questioned the validity of Taylor's mechanical approach to the human dimension of organization and established new, according to many even a revolutionary, approach to the problems of man at work. This new approach, the *behavioral* one, still remained within the framework which treated enterprise as a closed system.
M. Buble: Tendencies in evolution of 21st century management

The first major deviation from the classical management paradigm occurred in the late 1960s, when the environment finally began to be treated as an important element of management. The first to contribute to this were Lawrence and Lorsch and numerous other researchers (Jeffrey Pfeffer and Gerald Salancik, Marshall Meyer and others). One might say that these authors' central thesis is that, if we want to understand the behavior of organizations, then we must understand the context of this behavior. In other words, the company began to be treated as an open system which is in direct contrast to the traditional management paradigm. The treatment of companies as an open dynamic system created conditions for the development of a management approach, based on the system theory.

Another significant challenge to the classical paradigm occurred in 1978, when Tom Peters published his book *In Search of Excellence*, in which he developed the concept of eight principles of excellence, which are in complete contradiction with the principles of the traditional management paradigm. He later mitigated these views in his book *Liberation Management*, published in 1992, where he expressed his views on the organizational structure, pointing out his belief that success can not be achieved in rigid and bureaucratic structures. Therefore, in his opinion, deorganization should be consciously made in order to liberate employees by radical downsizing and horizontal articulation of enterprises in small autonomous and entrepreneurial units.

In 1990, Peter Senge made a further deviation from the classical paradigm of management, by introducing the concept of a learning organization, which describes an organization as an organism that is able to increase its capabilities and shape them for its future. The learning organization is any organization that considers itself to be a complex, organic system that has a vision and purpose. Such an organization uses five disciplines (systematic thinking, personal mastery, mental models, shared vision and team learning) to achieve its goals.

In 1990, simultaneously with the development of the concept of learning organization, Michael Hammer and James Champy published their work *Reengineering the Corporation*, which is based on the assumption that it is no more necessary nor desirable for a company to organize its work according to Adam Smith's division of labour. In their opinion, in the contemporary world of customers, competition, and changes, the task-oriented jobs are obsolete. Instead, the company must organize its work based on processes. This strikes a particular blow to the traditional concept of hierarchical structure and the functional concept of structuring an organization.
At the beginning of 21st century, a significant attack on the traditional management paradigm was made by Peter Drucker who, in his book *Managing in the Next Society* (2002), points to the changes that will occur and their implications for companies, their organization and management. In his articles, such as *Management Challenges for the 21st Century*, Drucker announced changes to the management principles that dominated until the 1980s. According to these principles, management referred only to business management, there was only one true model of organization and only one right way to manage people, while managers should focus solely on internal issues. These postulates must be changed since the environment in which management operates has fundamentally changed, and these changes will grow even bigger, more complex and intense in the future society. On the same line, in his article *Management's New Paradigms*, Drucker presents new assumptions that, in his opinion, are appropriate in the rapidly changing reality:

1. The management as a discipline is applicable to all organizations, not just businesses.
2. There isn't only one true organization.
3. There are multiple organizational structures.
4. There isn't only one right way to manage people.
5. Technological boundaries are pushed.
6. Command and control are approaching their end.
7. Company does not remain national but extends to other territories.
8. The management domain extends from the internal to the external environment.
9. The function of management is result-oriented.
10. In the center of modern society there is management of institutions, in order to make them capable of producing results.

As if building on Drucker's ideas of changing the principles of management, Gary Hamel, in his book *The Future of Management*, published in 2007 encouraged all of these changes. He urges managers to abandon the existing managerial way of thinking and to introduce the practice, accept and nurture innovation. In other words, according to him, most of management principles and systems are based on a completely unnecessary managerial paradigm, and therefore management innovations are the ultimate source of competitive advantage (Hamel, 2007).

In this context, the question is whether Hamel is right when he argues that the managerial policies of the 20th century are now outdated and unacceptable? And is it correct that the managerial innovations, and not innovations in operations or product innovation, will become the main competitive advantage?
Despite the enthusiasm that G. Hamel’s ideas provoked in terms of continuous change, his theses are not sufficiently convincing. He is certainly right when he argues that changes in the environment, in particular new technologies, will lead to huge changes in the organizational structure, systems and style of leadership. However, it is not evident that these changes determine a new managerial paradigm. Besides, it is also not evident that 21st century management will be based solely on distributed innovation, participatory decision-making and market-based mechanisms. It is more likely that the future of management will be an upgrade to the existing management policies and practices, and will be based more on information structures and systems.

But are the changes so big to affect the management principles in such a way to require a new system? This question can be viewed from both the conceptual and empirical aspect.

From the conceptual point of view, it should be noted that organizations exist to expand human creativity. In that context, no individual can independently produce a complex finality; most products and services require the skills and knowledge of a large number of individuals to be integrated. Therefore, the main goal of management is to achieve cooperation and coordination between a number of people, in order to create a product or service. Most parts of modern management, such as hierarchy, rules and procedures, budgeting and other - are a response to this challenge. Naturally, these rules and procedures restrict entrepreneurship, but their main purpose is to align the interests of individuals with those of the organization.

From the empirical point of view, the changes in the external environment have led to a number of changes in the internal environment, especially in the organizational structure. In this context, numerous aspects of changes in the architecture of organizations have taken place, such as, e.g. spaghetti organization, the honeycomb model, the spider web model, the shamrock model and other (inside-out, doughnut... organization). These models allowed radical decentralization and made it possible for employees to choose the jobs to be done. However, under the conditions of increased competition they had to go back to the traditional models.

As for the concept of management innovations, these should certainly not be underestimated, given that they have an extraordinary impact on competitive advantage. However, management innovations are not protected from copying and this is particularly obvious in contemporary management innovations, such as outsourcing, downsizing, delayering, teaming, re-engineering and many
others. Regardless of this, innovation management will still be practiced, but with an expressed need for a more spontaneous, flexible and integrative approach to cooperation and coordination. The reason for this lies in the fact that outstanding innovations usually combine technology and expertise from various fields.

3. FINAL REMARKS

Unlike the idea of Francis Fukuyama (1992), who claims that history has come to its end, this is not the end of management. However, it is obvious that management will continue to change, given the challenges it has to face in the 21st century. These changes will be directed towards the modernization of management, in order to establish new principles, which have the power to draw attention to new approaches. It is impossible to build key organisational skills of tomorrow on the principles of 20th century management, whose origins can be traced back to the very beginning of the industrial revolution. It is, therefore, necessary to expose and question the long-standing managerial orthodoxy that dominated the past century on the one hand, and to analyze the practice of contemporary advanced enterprises, on the other.

Revolutionary changes in enterprises, typically of the last 20 years of the last century, will continue in the 21st century. In this regard, companies will either cease to exist or develop by constantly introducing changes in order to find an appropriate model of survival. In some forms of the present companies we can recognise the beginnings of the company of the future that will be based on the following:

- openness and adaptability;
- focus, but with no core business;
- internal cluster organization;
- autonomy of employees in terms of choice of activities;
- “lattice” enterprise architecture;
- the concept of “natural leadership”;
- roles instead of jobs;
- lateral movement in career;
- autonomous regulation of working hours;
- ethos of voluntary commitment;
- compensation dependend on the contribution;
- re-distribution of power in favor of employees.
This will determine the creation of a company of the future that will be suitable for human beings, for the first time since the dawn of the Industrial Age. The model of management that will be designed in 21st century will be on the brink of chaos. Its key components will be:

- shared vision and courageous mission;
- very little hierarchy and a wide range of control;
- small self-managed work groups with rotating leadership;
- freedom of opinion and following your own instincts;
- variety of quick and economical experimentation;
- a dense network of lateral communication;
- policy of giving exceptional prizes to people who come up with extraordinary ideas;
- the team efforts, focused on product development;
- corporate belief that encourages employees to put the customer in the first place.

All of this confirms that this is not the end of management - its future is yet to be devised. What happens in the future will probably not cause less astonishment than the emergence of management in the late 19th century. The tools and management methods designed at this time were intended to assist in solving the problems of control and operating efficiency of enterprises of the industrial society. In the post-industrial society, these tools and methods have become inadequate so that new ones are being developed.

However, according to some, today we see the emergence of postmenagerial and postorganisational society, which is reflected in the principles, tools and methods of management. This does not imply a future without management, but it certainly means that managers are less expected to perform the traditional functions of management. In that sense, it should be remembered that, due to the growth of education and the rapid development of information technology, the differences between managers and workers will disappear and the knowledge management will be everyone's responsibility. Therefore, it is every employee's task to learn, and the role of the manager is to promote such learning. Solving the problems that will be encountered in the company, as well as planning and decision-making will become common tasks, which means that improving communication will become a priority, requiring managers to increase the use of dialogue and other communication tools.

Changes that will take place will not be just a matter of management, but managing them will be part of a business routine, and managers will be agents of change leading each employee in finding and using the best new practices.
As the boundaries within organizations and the boundaries in the world in general will be disappearing, the area of management will be increasing, with managers taking the roles of experts in organizational development, diversity experts, expert facilitators, consulting experts and many other. In his book *The Rise of the Creative Class*, Richard Florida says openly: “The biggest problem that will characterize the era that we are facing is constant friction between creativity and organization” (Florida, 2002).

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TENDENCIJE U RAZVOJU MENADŽMENTA 21. STOLJEĆA

Sažetak

menadžmenta izveo je Gary Hamel (2007), tvrdeći da je većina menadžerskih principa i sustava utemeljena na potpuno nepotrebljenoj menadžerskoj paradigmi, pa stoga menadžerske inovacije predstavljaju ultimativni izvor konkurentske prednosti. Sve je ovo navelo neke autore da si postave pitanje: "Je li došao kraj menadžmenta?" Tražeći odgovor na to pitanje, u ovom se radu ukazuje na to da nije došao kraj menadžmenta, već da njegovu budućnost tek treba osmisleti.